

109TH CONGRESS
1ST SESSION

S. 2105

To amend the Internal Revenue Code of 1986 to modify the credit for nonbusiness energy property so that the amount of the credit is determined based on the amount of energy savings achieved by the taxpayer.

IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 2005

Mr. COLEMAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to modify the credit for nonbusiness energy property so that the amount of the credit is determined based on the amount of energy savings achieved by the taxpayer.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Energy Savings
5 Incentives Act of 2005”.

1 **SEC. 2. MODIFICATION OF CREDIT FOR CERTAIN NONBUSI-**
 2 **NESS ENERGY PROPERTY.**

3 (a) IN GENERAL.—Section 25C of the Internal Rev-
 4 enue Code of 1986 is amended to read as follows:

5 **“SEC. 25C. NONBUSINESS ENERGY PROPERTY.**

6 “(a) ALLOWANCE OF CREDIT.—In the case of an in-
 7 dividual, there shall be allowed as a credit against the tax
 8 imposed by this chapter for the taxable year an amount
 9 equal to the sum of—

10 “(1) \$10 for each therm of certified natural gas
 11 savings attributable to qualified energy efficiency ex-
 12 penditures made during the taxable year, and

13 “(2) \$0.65 for each kilowatt hour of certified
 14 electricity savings attributable to qualified energy ef-
 15 ficiency expenditures made during the taxable year.

16 “(b) LIFETIME LIMITATION.—The credit allowed
 17 under this section with respect to any taxpayer for any
 18 taxable year shall not exceed the excess (if any) of \$5,000
 19 over the aggregate credits allowed under this section with
 20 respect to such taxpayer for all prior taxable years.

21 “(c) QUALIFIED ENERGY EFFICIENCY EXPENDI-
 22 TURES.—For purposes of this section—

23 “(1) IN GENERAL.—The term ‘qualified energy
 24 efficiency expenditures’ means expenditures made by
 25 the taxpayer, after consultation with a qualified indi-
 26 vidual described in subsection (d)(2)(C), for the im-

1 provement of a dwelling unit of the taxpayer located
 2 in the United States and used by the taxpayer as
 3 the taxpayer’s principal residence.

4 “(2) NO DOUBLE BENEFIT FOR CERTAIN EX-
 5 PENDITURES.—The term ‘qualified energy efficiency
 6 expenditures’ shall not include any expenditure for
 7 which a deduction or credit is otherwise allowed
 8 under this chapter.

9 “(3) PRINCIPAL RESIDENCE.—

10 “(A) IN GENERAL.—The term ‘principal
 11 residence’ has the same meaning as when used
 12 in section 121, except that—

13 “(i) no ownership requirement shall
 14 be imposed, and

15 “(ii) the period for which a building is
 16 treated as used as a principal residence
 17 shall also include the 60-day period ending
 18 on the 1st day on which it would (but for
 19 this subparagraph) first be treated as used
 20 as a principal residence.

21 “(B) MANUFACTURED HOUSING.—The
 22 term ‘residence’ shall include a dwelling unit
 23 which is a manufactured home conforming to
 24 Federal Manufactured Home Construction and
 25 Safety Standards (24 C.F.R. 3280).

1 “(d) CERTIFIED NATURAL GAS SAVINGS; CERTIFIED
2 ELECTRICITY SAVINGS.—

3 “(1) IN GENERAL.—

4 “(A) CERTIFIED NATURAL GAS SAVINGS.—

5 The term ‘certified natural gas savings’ means,
6 with respect to any taxable year, the amount,
7 measured in therms on an average annual
8 basis, which is equal to the excess of—

9 “(i) 85 percent of the amount of nat-
10 ural gas which would be consumed with re-
11 spect to the dwelling unit of the taxpayer
12 if the qualified energy efficiency expendi-
13 tures with respect to such taxable year
14 were not made, as certified in accordance
15 with paragraph (2), over

16 “(ii) the amount of such natural gas
17 consumption with respect to such dwelling
18 unit determined by taking into account the
19 qualified energy efficiency expenditures
20 made during such taxable year, as certified
21 in accordance with paragraph (2).

22 “(B) CERTIFIED ELECTRICITY SAVINGS.—

23 The term ‘certified electricity savings’ means,
24 with respect to any taxable year, the amount,

1 measured in kilowatt hours on an annual basis,
2 which is equal to the excess of—

3 “(i) 85 percent of the amount of elec-
4 tricity which would be consumed with re-
5 spect to the dwelling unit of the taxpayer
6 if the qualified energy efficiency expendi-
7 tures with respect to such taxable year
8 were not made, as certified in accordance
9 with paragraph (2), over

10 “(ii) the amount of electricity con-
11 sumption with respect to such dwelling
12 unit determined by taking into account the
13 qualified energy efficiency expenditures
14 made during such taxable year, as certified
15 in accordance with paragraph (2).

16 “(2) CERTIFICATION.—

17 “(A) IN GENERAL.—The Secretary shall
18 prescribe the manner and method for the mak-
19 ing of certifications under this paragraph.

20 “(B) PROCEDURES.—The Secretary shall
21 include as part of the certification process pro-
22 cedures for inspection and testing by qualified
23 individuals described in subparagraph (C) to
24 ensure compliance of dwelling units with the re-
25 quirements of this section. Such procedures

1 shall be similar to the requirements in the
 2 Mortgage Industry National Accreditation Pro-
 3 cedures for Home Energy Rating Systems.

4 “(C) QUALIFIED INDIVIDUALS.—Individ-
 5 uals qualified to determine compliance shall be
 6 only those individuals who are recognized by an
 7 organization certified by the Secretary for such
 8 purposes.

9 “(e) SPECIAL RULES.—For purposes of this section,
 10 rules similar to the rules under paragraphs (4), (5), (6),
 11 (7), (8), and (9) of section 25D(e) shall apply.

12 “(f) BASIS ADJUSTMENTS.—For purposes of this
 13 subtitle, if a credit is allowed under this section with re-
 14 spect to any expenditure with respect to any property, the
 15 increase in the basis of such property which would (but
 16 for this subsection) result from such expenditure shall be
 17 reduced by the amount of the credit so allowed.

18 “(g) TERMINATION.—This section shall not apply
 19 with respect to any property placed in service after Decem-
 20 ber 31, 2007.”.

21 (b) CONFORMING AMENDMENT.—Section
 22 1016(a)(34) is amended by striking “25C(e)” and insert-
 23 ing “section 25C(f)”.

1 (c) EFFECTIVE DATES.—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2005.

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